

Introduced by Senator Negrete McLeod

February 14, 2011

An act to amend Section 21752 of the Government Code, relating to retirement.

LEGISLATIVE COUNSEL'S DIGEST

SB 322, as introduced, Negrete McLeod. Retirement.

The Public Employees' Retirement Law (PERL) provides for the preservation of the purchasing power of benefits through a system of adjustments in benefits based on changes in living costs. The law also establishes provisions to ensure the federal tax-exempt status of the system and to preserve the deferred treatment of federal income tax on public employer contributions to public employee pensions. Existing federal law limits the amount a defined benefit plan may pay a participant annually, and requires that this limitation be adjusted annually by regulation to account for increases in the cost of living.

PERL provides that a member's annual retirement benefits, adjusted to the actuarial equivalent of a straight-life annuity if payable in a form other than a straight-life annuity or a qualified joint and survivor annuity, and determined without regard to any employee contributions or rollover contributions, otherwise payable to the member under PERL and under any other defined benefit plan maintained by the employer that is subject to that federal limit, shall not exceed, in the aggregate, the federal dollar limit, as specified.

This bill would prohibit a member who receives benefits based on credited service with multiple employers from exceeding the limitations set forth in those provisions with regard to his or her annual retirement benefits.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 21752 of the Government Code is
2 amended to read:

3 21752. (a) (1) In accordance with Section 21756, a member's
4 annual retirement benefits, adjusted to the actuarial equivalent of
5 a straight-life annuity if payable in a form other than a straight-life
6 annuity or a qualified joint and survivor annuity as provided under
7 Section 21460, and determined without regard to any employee
8 contributions or rollover contributions, as defined in Sections
9 402(a)(5), 403(a)(4), and 408(d)(3) of Title 26 of the United States
10 Code, otherwise payable to the member under Part 3 (commencing
11 with Section 20000) and under any other defined benefit plan
12 maintained by the employer that is subject to Section 415 of Title
13 26 of the United States Code, shall not exceed, in the aggregate,
14 the dollar limit applicable pursuant to Section 415(b)(1)(A) of
15 Title 26 of the United States Code, as appropriately modified by
16 Section 415(b)(2)(F) and (G) of Title 26 of the United States Code.

17 (2) *A member who receives benefits based on credited service*
18 *with multiple employers shall not exceed the limitations set forth*
19 *in this subdivision with regard to his or her annual retirement*
20 *benefits.*

21 ~~(2)~~

22 (3) However, the annual retirement benefit payable to a member
23 shall be deemed not to exceed the limitations prescribed in
24 paragraph (1) if the benefit does not exceed ten thousand dollars
25 (\$10,000) and the member has at no time participated in a tax
26 qualified defined contribution plan maintained by the employer.

27 (b) These limitations shall be applied pursuant to Section
28 415(b)(10) of Title 26 of the United States Code.

29 (c) Part 3 (commencing with Section 20000) shall be construed
30 as if it included this section.

O